

AR01

UNITED HEARNE RESOURCES LTD.

(N.P.L.)

Annual Report
1973



Digitized by the Internet Archive
in 2023 with funding from
University of Alberta Library

https://archive.org/details/Unit0142_1973

UNITED HEARNE RESOURCES LTD. (N.P.L.)

(formerly Hearne Coppermine Explorations Limited (N.P.L.))

(Incorporated under the Laws of the Province of British Columbia)

Authorized Capital:

2,500,000 shares of \$1.00 par value each

DIRECTORS

R.W. FALKINS West Vancouver, B.C.
J.L. GIBSON Langley, B.C.
R.E. HALLBAUER West Vancouver, B.C.
J.D. LEISHMAN Vancouver, B.C.
H.H. WALLER Richmond, B.C.

OFFICERS

R.W. FALKINS President
J.D. LEISHMAN Vice-President
J.D. MUNROE Secretary
G.R. SHIPLEY Treasurer

AUDITORS

PEAT, MARWICK, MITCHELL & CO. Vancouver, B.C.

BANKERS

BANK OF MONTREAL Vancouver, B.C.

REGISTRAR AND TRANSFER AGENT

MONTREAL TRUST COMPANY Vancouver, B.C.

HEAD OFFICE

700 - 1177 WEST HASTINGS STREET, VANCOUVER, B.C. V6E 2K5

ANNUAL GENERAL MEETING

Patricia Room, Hotel Georgia, Vancouver, B.C.
June 28th, 1974, 9:30 a.m. (Vancouver Time).

UNITED HEARNE RESOURCES LTD. (N.P.L.)
(formerly Hearne Coppermine Explorations Limited (N.P.L.))
7th Floor, Board of Trade Building
1177 West Hastings Street
Vancouver, British Columbia

PRESIDENT'S REPORT

On behalf of the officers and directors of United Hearne Resources Ltd. (N.P.L.) formerly Hearne Coppermine Explorations Limited, it is my privilege to report to you the change of management and corporate structure of the company during 1973, and recent developments in your company.

As you well know, the company has been inactive for a number of years and was in a deficit financial position. In addition to this, the Vancouver Stock Exchange had advised the company that unless something was done to correct the situation, as it then existed, the company's shares would be delisted.

After negotiations with the previous management, your present directors obtained the gifting back of the original vendors shares and the company stock was rolled back on a one new for two old basis, leaving 675,750 shares outstanding.

With the reorganization and work involved with the various agencies it took a period of over six months to complete, bringing us to the end of 1973. Since that time your company has been actively engaged in bringing the company back to one of the more active junior mining companies. During the first quarter of 1974 a silver property of exceptional merit was acquired for 500,000 shares; 375,000 shares have been underwritten at an average price of 35¢ per share and one option remains outstanding on 125,000 shares @ 50¢ per share, which, when exercised, will have placed a total of \$193,750 in the treasury.

G.H. McDougall, P.Eng., consulting geologist, reports that the London Ridge Group of 13 Crown Granted silver claims had been previously known as the Panama, Silver Glance, Empress and London groups. They are all contiguous and could be developed as a unit.

Mr. McDougall, in his conclusions, says after studying reports which cover work from start of the century and after directing some of the exploration work, that under current metal prices possibilities are excellent for development of a mine. The possibility exists for developing a small high-grade mine on the Panama section and for developing a larger tonnage, lower-grade mine on the London and on the Silver Glance groups. The various groups all have had exploration and development work done on them and have produced several hundred tons of high-grade silver ore. Past shipments to the Trail smelter where 373.5 tons averaging 126 ozs. of silver per ton.

This group is now under an intensive work programme. It is planned to start shipping ore to the Cominco Smelter at Trail, B.C. only seventy miles by paved highway during the summer of 1974.

The long term outlook for silver is very bullish. World consumption of silver in 1973 was about 483,000,000 ounces which is approximately a 13% increase over 1972 (422.5 million ounces in 1972; 387.1 million ounces in 1971).

On the one hand, modern technology is rapidly expanding the need for silver. No substitute for silver in these uses has been found and none is in offing. As a consequence, the demand for silver is inelastic—it grows in the face of rising prices.

On the other hand, new silver production depends largely on the base metal mining industry—and hence cannot readily increase to meet the growing silver shortage. Other sources of silver supply are limited or unavailable at prevailing prices.

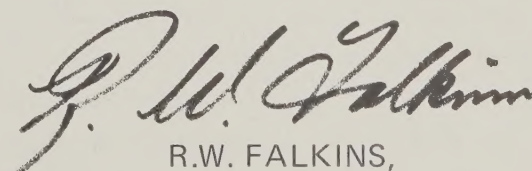
So even if further devaluation and monetary crises are delayed, a steep rise in the price of silver seems inevitable. Silver should be at historic highs within two years.

The directors and staff of United Hearne are actively engaged in the examination of several gold properties in Canada and in other countries. Two of which are in the final negotiation stages. The potential of the company as a producer and an active exploration company in both silver and gold is the main objective of its directors.

Enclosed is an unaudited balance sheet dated March 31, 1974.

Vancouver, B.C.
May 21, 1974

On Behalf of the Board,


R.W. FALKINS,
President

PEAT, MARWICK, MITCHELL & Co.

CHARTERED ACCOUNTANTS

900 WEST HASTINGS STREET

VANCOUVER 1

BRITISH COLUMBIA

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of United Hearne Resources Ltd. (N.P.L.) (formerly Hearne Coppermine Explorations Limited (N.P.L.)) as of December 31, 1973 and the statements of deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company at December 31, 1973 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

Vancouver, British Columbia

May 13, 1974

Chartered Accountants

UNITED HEARNE RESOURCES LTD. (N.P.L.)
(formerly Hearne Coppermine Explorations Limited (N.P.L.))

Balance Sheet

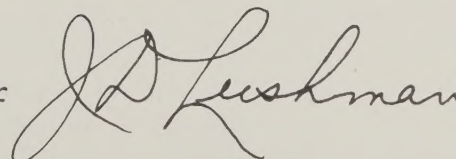
December 31, 1973

	<u>Assets</u>	<u>1973</u>	<u>1972</u>
Current asset:			
Cash		\$ -	7
Investment in shares of Muskox Mines Limited, at nominal value		1	1
Incorporation costs		<u>1,321</u>	<u>1,321</u>
		\$ <u>1,322</u>	<u>1,329</u>
<u>Liabilities and Shareholders' Deficit</u>			
Current liabilities:			
Accounts payable and accrued liabilities		\$ 8,171	1,088
Due to Brameda Resources Limited (Note 2)		<u>44</u>	<u>7,499</u>
Total current liabilities		8,215	8,587
Shareholders' deficit:			
Capital stock (Notes 1 and 2):			
Authorized \$2,500,000 divided into 2,500,000 shares of \$1 par value each; issued 675,750 shares		1,507,726	1,572,060
Deficit, per accompanying statement		<u>(1,514,619)</u>	<u>(1,579,318)</u>
Total shareholders' deficit		<u>(6,893)</u>	<u>(7,258)</u>
		\$ <u>1,322</u>	<u>1,329</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

UNITED HEARNE RESOURCES LTD. (N.P.L.)
(formerly Hearne Coppermine Explorations Limited (N.P.L.))

Statement of Deficit

Year ended December 31, 1973

	<u>1973</u>	<u>1972</u>
Balance at beginning of year	\$ 1,579,318	1,566,916
Administration costs written off, per accompanying schedule	7,361	2,287
Mining claims written off	-	10,115
Stated value of shares cancelled (Note 2)	<u>(72,060)</u>	<u>-</u>
	\$ <u>1,514,619</u>	<u>1,579,318</u>

See accompanying notes to financial statements.

Statement of Source and Application of Funds

Year ended December 31, 1973

	<u>1973</u>	<u>1972</u>
Source of funds:		
Shares issued	\$ 7,726	-
Application of funds:		
Cost of mining claims	-	461
Administration costs	<u>7,361</u>	<u>2,287</u>
	<u>7,361</u>	<u>2,748</u>
Increase (decrease) in working capital deficiency	(365)	2,748
Working capital deficiency at beginning of year	<u>8,580</u>	<u>5,832</u>
Working capital deficiency at end of year	\$ <u>8,215</u>	<u>8,580</u>

See accompanying notes to financial statements.

UNITED HEARNE RESOURCES LTD. (N.P.L.)
(formerly Hearne Coppermine Explorations Limited (N.P.L.))

Notes to Financial Statements

December 31, 1973

1. The Company was reorganized during the year as follows:
 - (a) The name was changed from Hearne Coppermine Explorations Limited (N.P.L.) to United Hearne Resources Ltd. (N.P.L.).
 - (b) The authorized capital was consolidated from \$2,500,000 divided into 5,000,000 shares with a par value of \$.50 each, of which 1,351,500 were issued into an authorized capital of \$2,500,000 divided into 2,500,000 shares with a par value of \$1 each of which 675,750 are issued.

2. The capital stock of the Company was changed during the year as follows:

	<u>Shares</u>	<u>Amount</u>
Outstanding at December 31, 1972	2,020,600	\$ 1,572,060
Shares cancelled in February, 1973 which had been issued for claims in the Northwest Territories, now abandoned	(720,600)	(72,060)
Shares issued to Brameda Resources Limited in settlement of advances by that Company	<u>51,500</u>	<u>7,726</u>
	1,351,500	1,507,726
Reduction in shares (Note 1)	<u>675,750</u>	<u>-</u>
Outstanding at December 31, 1973	<u><u>675,750</u></u>	<u><u>\$ 1,507,726</u></u>

The amount recorded as capital stock includes premiums on issue of \$850,000 less discounts on shares issued during the year of \$18,024 representing a contributed surplus of \$831,976.

3. Subsequent events:

In January, 1974, the Company issued 250,000 shares at \$.30 each resulting in the receipt of \$75,000. In connection with the issue of these shares, the Company granted options to purchase 125,000 shares at \$.40 each within 90 days and 125,000 shares at \$.50 within 180 days of the original issue date. Exercise of the first options resulted in the Company issuing 125,000 shares and receiving \$50,000.

A further 150,000 shares were issued in March, 1974 as part of the consideration for the acquisition of 13 Crown granted mineral claims in British Columbia, and the Company is obligated to issue additional shares for these claims as follows:

100,000 shares 90 days after March 11, 1974
 50,000 shares 180 days after March 11, 1974
 50,000 shares 270 days after March 11, 1974
 50,000 shares on commencement of production
 50,000 shares one year after commencement of production
50,000 shares two years after commencement of production

350,000 shares

UNITED HEARNE RESOURCES LTD. (N.P.L.)
(formerly Hearne Coppermine Explorations Limited (N.P.L.))

Notes to Financial Statements, continued

December 31, 1973

3. Subsequent events, continued:

In addition to the shares issued and issuable for the acquisition of mineral claims the company paid \$20,000 and assumed obligations of \$13,500. In the event that the property is brought into production, the Company has obligations pursuant to the acquisition agreement including the payment of royalties.

Schedule

UNITED HEARNE RESOURCES LTD. (N.P.L.)
(formerly Hearne Coppermine Explorations Limited (N.P.L.))

Administration Costs

Year ended December 31, 1973

	<u>1973</u>	<u>1972</u>
Bank charges and interest	\$ 7	15
General	75	-
Legal and audit	3,534	272
Licences and fees	6	206
Management charges	-	53
Shareholders' expenses	586	644
Transfer agent expenses	3,153	1,507
Telephone and telegraph	<u>-</u>	<u>10</u>
	7,361	2,707
Less income from radio rentals	<u>-</u>	<u>420</u>
	\$ <u><u>7,361</u></u>	<u><u>2,287</u></u>

